

Early Warning System

ADB-48489-003

South Asia Subregional Economic Cooperation Green Power Investment Program

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Quick Facts

Countries	Bhutan
Financial Institutions	Asian Development Bank (ADB)
Status	Proposed
Bank Risk Rating	C
Sectors	Climate and Environment
Investment Type(s)	Loan
Investment Amount (USD)	$ 227.94 million

Project Description

DESCRIPTION

The proposed multitranche financing facility totaling of $320 million will support the development of run-of-river hydropower plant and transmission system facilities in the eastern region of Bhutan. The power generated from the plant can be supplied through the eastern grid network system for dual purposes of export and domestic consumption.

PROJECT RATIONALE AND LINKAGE TO COUNTRY/REGIONAL STRATEGY

The proposed investment program is a multitranche financing facility (MFF) to support development of the Nyera Amari run-of-river hydropower plant and a transmission system. The power generated from the plant can be supplied through the eastern grid network system for dual purposes of export and domestic consumption. This approach will make a geographical balance in development support from the Asian Development Bank (ADB), following the Dagachhu hydropower plant (126 MW) in the western region, and the Nikachhu hydropower plant (118 MW) in the central region. While the eastern region has the highest population among the regions, it has been less developed in overall infrastructure, and is more likely to be poor than other regions. The government of Bhutan aims for balanced regional development, which is to ensure that inclusive development is equitably spread across the country.

The government regards its continued hydropower development as the country's economic key driver that will help maximize local, national, and regional development impacts. Hydropower generation contributes to one-fifth of the country's gross domestic product. Out of Bhutan's installed generation capacity (1,614 MW), about 75% is exported to India after meeting domestic electricity demand. The hydropower exports account for one-third of government revenue; they are primary source for government spending on socioeconomic development for social services such as health, education, and rural development. Hydropower development forms the foundation of the economy and social system in Bhutan.

IMPACT

Cross-border power trading expanded.

OUTCOME

Clean hydropower supply for power export and domestic consumption increased.

CONSULTING SERVICES

It is unknown whether any project implementation consultants would be hired under this loan.

PROCUREMENT

The Nyera Amari hydropower plant will be developed with two stages by a project's special purpose company to be established by DGPC. Therefore, DGPC is the executing agency, and the project company will be the implementing agency. For the transmission, BPC will be the executing and implementing agency. Procurement packages will come later.

Investment Description

- Asian Development Bank (ADB)

F Facility Concept: South Asia Subregional Economic Cooperation Green Power Investment Program
Ordinary capital resources US$ 227.94 million
Concessional ordinary capital resources / Asian Development Fund US$ 92.06 million
Commercial Bank - International US$ 280.00 million

Contact Information

ACCOUNTABILITY MECHANISM OF ADB

The Accountability Mechanism is an independent complaint mechanism and fact-finding body for people who believe they are likely to be, or have been, adversely affected by an Asian Development Bank-financed project. If you submit a complaint to the Accountability Mechanism, they may investigate to assess whether the Asian Development Bank is following its own policies and procedures for preventing harm to people or the environment. You can learn more about the Accountability Mechanism and how to file a complaint at: http://www.adb.org/site/accountability-mechanism/main

CONTACTS

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Bank Documents

- Project Disclosure PDF
- SASEC Green Power Investment Program: Initial Poverty and Social Analysis [Original Source]
- South Asia Subregional Economic Cooperation Green Power Investment Program: Project Preparatory Tech [Original Source]